

## Analysis of Global Connectivity of Kra Isthmus Canal Vision

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### Abstract

This article is to study the possibility of developing Kra Isthmus Canal in Thailand. In the history of the project, there has been a suspension every time when someone raised this issue. The study collected data by researching relevant documents. The methods of the research included documentary information, case studies, and in-depth interviews with key informants. It was found that two major obstacles were the availability of specific advanced construction technology and the negative attitude of the Thai public towards dividing the mainland into two parts. However, since many years ago, the situation has changed horribly. Many countries, especially China, have supported the project and are ready to provide sufficient funding for the project in Thailand. Considering the infrastructure of Thailand in recent years, Thailand has continuously promoted spatial development in terms of important special economic zones. The progression of the Kra Isthmus Canal can be done because it is not like a special free trade area. The only difference is that in the previous movement, the man-made canal project in Thailand was studied by the government, and attacked by opinions from academics. The private sector and investors are the group that raised this project to create awareness among various publics. The role of China has been watched. In 2014, China announced the goal of the Silk Road, which connects China with all continents. Kra Isthmus canal responds to the vision. This study covers the important issues that the Kra Isthmus Canal has become a part of Thailand's leading infrastructure. At the same time, this development will eventually become very useful for global connections between the Indian Ocean and the Pacific Ocean. The canal will shorten the distance for more than 1,000 miles without passing through the Malacca Strait.

**Keywords:** Kra Isthmus Canal, Thailand Infrastructure, Global Connectivity, China

## Introduction

Effective communication always depends on the nonexistence of borders. It was one thing when communication was predominantly physical. (Kenichi Ohmae, 2005). The location of Thailand is not actually at the best of Southeast Asia; nonetheless, the advantages are that Thailand owns some parts of territories on the Andaman Sea and the South China Sea. The Andaman Sea is on the western part, whereas the South China Sea is on the eastern part of Thailand.

Historically, the inspiration to connect the two oceans has existed back to the 16<sup>th</sup> century. Many plans have been drawn up to dig a canal, the Kra isthmus, in southern Thailand for centuries; most notably during the period of European colonization in the 18<sup>th</sup> century. According to one recent analysis, the threat of colonization in the nineteenth century led to period of rapid economic development (John Walsh, 2015).

The benefits of such a canal are actually obvious, since it would greatly reduce shipping costs and enable vessels to avoid Malacca Strait. This latter point makes the project particularly attractive to the Chinese government at the present time, because it would provide an excellent option route to import vital resources such as oil in waters (what does it mean) that are not wholly controlled by the US naval forces. In addition, this would have considerable implications for shipping and for security in the region, not least for China's energy security. Consequently, it is not surprising to find that the Chinese government has been involved in negotiations as to where and how it should be built, together with the issue of who should pay for the project. The construction would have numerous impacts on the economy and society of southern Thailand and other areas in the region. This paper explores the likely impacts of the announcement of the project and the unfolding events as they might occur. Comparable examples are sought, including the cases from Latin America. Some recommendations are drawn from the analysis.

Most previous analyses reveal that the project is just a dream. The project is not justified for economic returns from huge investments. Also, Thailand has no potential to raise funds, develop technology, and manage the huge isthmus, etc.

## Thailand Infrastructure: Land Transportation and Sea Ports

Since the 20<sup>th</sup> century, Thailand's infrastructure has not been developed nationwide and at a slow pace, due to the amount of funding needed. Approaching the 21<sup>st</sup> century, the situational factors have been revealed that Thailand has already built many transportation infrastructures. Table 1 below shows Thailand's infrastructure investment.

**Table 1:** Thailand Infrastructure Investment Estimation\*

Sector	Amount Billion (USD)	Share (%)
Land Transport	46.7	65
Air and Marine Transport	4.7	6
Energy	15.9	22
Telecommunications	1.1	2
Utility	3.7	5
Total	72.1	100

**\*Source:** Unbeatable Thailand, Unparalleled Opportunities: Thailand's infrastructure Development Plan and Opportunity," PP, 28 May 2012, Office of the National Economic and Social Development Board (NESDB), Thailand, [www.nesdb.go.th](http://www.nesdb.go.th)

According to Table 1, the energy section is granted 22%; the cluster of transportation sectors (Land, Air and Marine) transportation weights the first priorities and the total amount for all transportation sectors is \$ 51.4 Billion or 71 % compared to other sectors This proves a solid effort to connect the relevant regions for people to travel and for a good distribution of goods from and to different parts of the region.

## Land Transportation

In recent years, Thailand has focused on improving its existing land transportations. For example, the consecutive governments have followed the national master plan to upgrade the country's whole rails, for which the options of various types of tracks are seriously studied i.e. both standard tracks and high speed tracks. Such enthusiastic regards mainly responded to the domestic economic expansion. And also in another aspect, this can be the solution to ease the long term pending issue that, in an obvious index, Thailand has recently been caught in the Middle Income Trap, increasing the minimum wage by some 40% and encouraging companies which want to maintain Factory Asia conditions to relocate their activities to a neighboring country (Walsh, John, 2014).

Thailand Successful Story: Laem Chabang Seaport\*\*

Lam Chabang Seaport is located in the main deep sea port in the eastern part of Thailand, covering an area of 2,572 acres. The sea port offers universal services in order to exchange goods worldwide. The construction started in 1988 and completed in 1991. There are many growing industries in the area. Lam Chabang Seaport has become the only one of Thailand's first initiative of large-scale infrastructure project. It is accepted as one of the world class seaport for international freight transportation with a capacity of 7.7 million TEUs (Twenty-foot equivalent unit)

## Historical Tracking of Kra Canal Isthmus Issue

The following table summarized this historical initials on Kra Canal Isthmus Issues.

**Table 2:** Historical Tracking of Kra Canal Isthmus Issue

Year	Thailand Era	Major Support	Major Objection
(16 <sup>th</sup> century)	King Narai Maharaj (Ayuthaya Period)	– Connecting Indian Ocean and Gulf of Thailand. –Thailand's benefits from sea trade and transport.	The kingdom does not have enough resources to fund such huge project, and the public was afraid of main land separation when divided into two parts, northern and southern
18 <sup>th</sup> century	King Rama I, II, IV, V and VI (Rattanakosin Period)		Same reasons above
Year 1990	General Chart Chai Chunhawan, Thai Prime Minister	World Financial Crisis impacts on Thailand's economy; there was a need for Government Investment in infrastructure to create jobs.	Although the investment was large, funding seemed less significant than that of the earlier period, due to the difficulty to raise international funding. However, the project was put on hold again due to the coup de' tat in 1987
Year 2001	Prime Minister Dr.Taksin Shinawatra	The project was restudied on the feasibility, and the findings indicated that the project required 5–8 billion US dollar investment.	Political problem; the government was dissolved by the coup d'état in 2005
2012	Prime Minister Ms. Yingluck Shinawatra	Prime Minister's party wants to review all development projects. Kra Canal was mentioned as a goal to develop and mend the country's economy	Prime Minister Yingluck was forced to step down by the coup de' tat.

2014	Prime Minister General Prayuth Chan O Cha	China wants to expand both land and marine routes, and tries to encourage Thailand to build transportation infrastructure. .	In this era, Thailand has been offered sufficient funding and strong urges from China. However, when this project is raised for debates publicly, the military government sensed the public resent.
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Thai-Chinese Culture and Economy Association: Most Active Role to Push the Project between 2013–2015

Relating to the push for the Kra Canal project, in these recent years from 2013 until now end of 2015, the organization that has been long active is the Sino–Thai Cultural and Economic Association.

Surin Dunnvatanachit, Vice President and Chairman of Board of Economic of Thai–Chinese Culture and Economy Association, has been for many years urged the feasibility study of the Kra Canal. In 2014, the Association with a team of Thai researchers agreed to conduct a joint research & seminar with University of International Business and Economics (UIBE), where by various aspects of cooperation were discussed, in particular those relevant to the Kra Canal.

According to Mr. Surin “the project will directly boost Thailand’s economy into prosperity. The current economy situation is worrisome. The large scales infrastructure investment will solve the country’s economic disaster.” He added that both the international and national factors would contribute to the Kra Canal’s feasibility study. For international factors, Malacca Strait is getting more and more crowded, and the maritime shipping will continue being necessary despite the fact that there are more land routes, owing to the fact that the transportation of large size containers is cheaper and faster by sea than by land.

The picture shows the group of Thai–Chinese participants in a seminar in China, where the topic of Kra Canal is discussed.

## Overview and Brief Kra Isthmus Feasibilities

The Kra Canal has been long studied and monitored by the movement and efforts from various parts of the Thailand’s society, therefore, there are a lot of studies both from domestic and international papers. The study aims to provide update documentary study. The findings are as follows:

- Mega Project Infrastructure Investment: US\$ 25 billion (location at Songkla Lake)
- Construction Period: Approx. 5–10 years.
- Labor required: 30,000 construction workers.

- Shorten shipping distances: 1,200 miles (around peninsular Malaysia and Singapore)
- Ships would avoid passing through the piracy risky area in the strait of Malacca
- Major Funding: ASEAN Infrastructure Bank (China's initial 2014, 20 country members, to mobilize regional saving, co-finance, or FDI)

## ASEAN Support

Thailand is a member of ASEAN's (The Association of Southeast Asian Nations), formally established in August 1967. ASEAN aims to boost economic growth, social progress, and cultural development. According to the recent ASEAN meeting in Manila, Philippines on May 23, 2014, the estimation of \$8 trillion in infrastructure was needed by 2020. The essence is that the infrastructure highlighted as "ASEAN Connectivity." Furthermore, the diverse 10 countries' ASEAN grouping is one large home to more than 600 million people with a combined GDP of more than \$2 trillion. To such size of population, speaking of the enormous opportunity to make a difference in the region is the luck necessary technology is available, the finance is available. (What do you try to say?) The act with courage and conviction is needed in order to create a legacy for future generations, because the investment in infrastructure projects today will either hold future generations back or accelerate growth.

Therefore, Thailand is certainly a strategic location among them, whereby physical infrastructure must be connected with other ASEAN countries. Thailand requires huge funding from domestic and international monetary sources.

## ASEAN Infrastructure Bank to Support Kra Canal Construction

It would further strategic Chinese interests that have been shown in the String of Pearls policy and the Nicaraguan canal. However, significant problems remain before the Kra isthmus canal can be built. These include diplomatic issues and ongoing security issues, as well as the formidable engineering concerns. Further, there are the local concerns among the residents who would be affected by construction and would be forced to leave their homes and employment. Other social forces will also come into play. This paper explores in brief the history of the idea of the Kra isthmus canal and then analyzes the various issues that currently require to be resolved before the earth can be broken. (Are you sure that you want to use this sentence? Do you want to say that they start to dig the soil in the territory?)

China has recently successfully proposed to set up the Asian Infrastructure Investment Bank (AIIB), an international financial institution. AIIB will be similar and competitive to IMF, World Bank, and Asian Development Bank (ADB). The need for infrastructure in developing countries is great; therefore activities of new organizations are appropriate. In June 2014 China announced to double the registered bank capital of 50bn USD to 100bn USD. On October 24, 2014, a signing ceremony held in Beijing, and it formally recognized the establishment of the bank with 21 countries signing the bill, namely China, India, Thailand, Malaysia, Singapore, the Philippines, Pakistan,

Bangladesh, Brunei, Cambodia, Kazakhstan, Kuwait, Laos, Myanmar, Mongolia, Nepal, Oman, Qatar, Sri Lanka, Uzbekistan, and Vietnam.

Furthermore, China has long been supportive most of ASEAN countries, and has consistently made efforts to increase their assistance in various dimensions. In 2009, China PRC State Council formally approved the setup of China-ASEAN Investment Cooperation Fund (CAF). Actually for hundred years up to the present time, China has developed a very close and positively strong relationship with Thailand.

The proposed cooperation is generally divided into short term and long term activities: Short Term: an exploring model

**Table 3:** the proposed cooperation is generally divided into short term and long term activities

Direct Cooperation from China	Thailand's Infrastructure	Functional Tools
<ul style="list-style-type: none"> <li>– Full or partly Funding in Upgrading Land Transportation</li> </ul>	<ul style="list-style-type: none"> <li>– Specific Route</li> <li>– Nationwide</li> </ul>	<ul style="list-style-type: none"> <li>– FDI</li> <li>– Loan</li> <li>– Shares</li> <li>– Etc.</li> </ul>

Direct Cooperation from China	Level Reach	Functional Tools
<ul style="list-style-type: none"> <li>– Government to Government cooperation</li> <li>– State Own Enterprises</li> </ul>	<ul style="list-style-type: none"> <li>– Country Leader</li> <li>– Ministerial</li> <li>– Enterprise</li> </ul>	<ul style="list-style-type: none"> <li>– MOU</li> <li>– Establishment of Institutes</li> <li>– Etc.</li> </ul>

Apparently AIIB will be able to provide capital supports to the enterprises both in China and ASEAN regions. Such funds should become the most reputable and best-performing funds in the ASEAN region. The uniqueness of the China-ASEAN Fund is its strong investment power, rich industry experiences, deep understanding of the region, and the target investment field. In short, capital involvement of the China-ASEAN fund could provide continuous and incomparable value enhancement.

### Recent Survey on People's Attitude

Hatyai University recently conducted a survey about the Kra Canal impact on economic growth of Thailand's southern region in October 2014 by interviewing a sample of 400 people in the south of Thailand. The findings are very interesting; they reveal that 57.86 percent of people who answered the questionnaire in Songkro province support the Kra canal project because they believe that the project will boost the economy in their region.

## Methodology

The approach is based on the secondary researches i.e. previous analysis, historical reports, academic journals, including current economic and feasibility studies. The nature kind of analysis is a conceptual endeavor portraying one country's mega infrastructure project which will lead to the magnificent opportunity.

## Result Findings

The findings from this study are divided into two parts. The first one is about Thailand, the land host of the Kra Canal, and the second part is about the international perspectives.

Thailand from all the studies from the anxious time back to the 16<sup>th</sup> century until the studies, discussions and debates in the present time lead in consensus to some extent that the project will be definitely contributed to the global connectivity, between Andaman Ocean and the South China Sea. There are not any rejections to such a clear scenario.

In the past, the main obstacle for the construction of the Canal is the investments, which is considered a huge one and far more than any projects in Southeast Asia. Unfortunately, Thailand, previously Siam, were engaged in several wars with neighboring countries, namely Burma, Cambodia, and many independent domestic powerful fighting factions. Thailand's energy and resources were exploited in to such wars, especially against the invasion from Myanmar. Worse is that, with all the wars, Thailand's treasury became short? Thailand borrowed a large sum of money from China. Thailand therefore had no funding left to start the project.

In addition, the technology to construct the canal is still at its premier stages. As a result, the construction period requires years and a large number of labors. As earlier analyzed, Thailand was struggling and fighting in consecutively wars. All male subjects were obliged to serve the country as soldiers. Consequently, Thailand had no sufficient local labors during the wars.

## International Supports

Since the initial ideas to build the Kra Canal in the 16<sup>th</sup> century, most countries did not express any strong objection, as the isthmus canal can shorten the marine route, shortening the time for many days of sea travelling. That will ultimately save every precious things, including people lives, all kinds of capitals, and resources involved.

Singapore may voice some protests against Thailand's initial to the Kra Isthmus Canal, as it will directly compete with the existing ports around the Malacca.

The Macca Strait is currently the only water connectivity among India Ocean, Gulf of Thailand, and Pacific Ocean since the ancient time until now. The number of ships passing through the isthmus has increased every year.



## Discussions

The Kra Isthmus Canal project tremendously benefits both the country host, which is Thailand, and many more countries worldwide. The major objection since the 16<sup>th</sup> century until the present time is related to the fear of land separation. In other words, this might cause the difficulty in ruling the country when the country is divided into two major parts. It is surprising that such fear has existed for more than 400 year, though there has not been an obvious analysis pointing out the root causes.

## Conclusions

The Kra Isthmus Canal continues to be one of the top sensitive issues in Thailand, even though the feasibilities have been studied and confirm all dimensions of the economic benefits to Thailand and international countries in all continents from North America, South America, Africa, Asia, and Australia.

In 2015, Thailand is currently facing economic slowdown resulted both from the domestic and international factors, and it is anticipated and calculated that the economic crisis will continues for years in the future. Government's investment in infrastructure will be the key recovery solutions to the economic disaster.

The infrastructure will directly boost the overall economy from thousands of employments at all levels to technology transfers. International funding will pour to Thailand countlessly. Thailand will gain back accountability in the international trade and management. Many of know how technology will parade into Thailand.

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